



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

**FOR IMMEDIATE RELEASE**  
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## **Heritage Bank, Olympia, Washington, Assumes All of the Deposits of The Cowlitz Bank, Longview, Washington**

The Cowlitz Bank, Longview, Washington, was closed today by the Washington Department of Financial Institutions, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Heritage Bank, Olympia, Washington, to assume all of the deposits of The Cowlitz Bank.

The nine branches of The Cowlitz Bank, including the two branches operating in Oregon, and three branches operating in Washington under the name Bay Bank, a division of The Cowlitz Bank, will reopen on Saturday during normal banking hours as branches of Heritage Bank. Depositors of The Cowlitz Bank will automatically become depositors of Heritage Bank. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship in order to retain their deposit insurance coverage. Customers of The Cowlitz Bank should continue to use their existing branch until they receive notice from Heritage Bank that it has completed systems changes to allow other Heritage Bank branches to process their accounts as well.

This evening and over the weekend, depositors of The Cowlitz Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of March 31, 2010, The Cowlitz Bank had approximately \$529.3 million in total assets and \$513.9 million in total deposits. Heritage Bank paid the FDIC a premium of 1.0 percent for the deposits of The Cowlitz Bank. In addition to assuming all of the



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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deposits of the failed bank, Heritage Bank agreed to purchase approximately \$280.0 million of the failed bank's assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and Heritage Bank entered into a loss-share transaction on \$160.9 million of The Cowlitz Bank's assets. Heritage Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-528-6215. The phone number will be operational this evening until 9:00 p.m., Pacific Daylight Time (PDT); on Saturday from 9:00 a.m. to 6:00 p.m., PDT; on Sunday from noon to 6:00 p.m., PDT; and thereafter from 8:00 a.m. to 8:00 p.m., PDT. Interested parties also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/cowlitz.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$68.9 million. Compared to other alternatives, Heritage Bank's acquisition was the least costly resolution for the FDIC's DIF. The Cowlitz Bank is the 107th FDIC-insured institution to fail in the nation this year, and the eighth in Washington. The last FDIC-insured institution closed in the state was Washington First International Bank, Seattle, on June 11, 2010.

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